

HOUSE RESEARCH

Bill Summary

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Overview

At the time of statehood, the federal government granted Minnesota state land to be held in trust for the benefit of public schools. The Department of Natural Resources (DNR) manages the land that remains from the grant. The State Board of Investment invests the net income produced from the land and annually distributes the proceeds to public schools. Some trust fund land does not generate income because it is used for state parks and scientific and natural areas. Some trust fund land produces a very low return on asset value. A legislative auditor's report found that the DNR sometimes emphasizes its natural resources management responsibility over its fiduciary responsibility to public schools, which are the trust beneficiaries.

A permanent school fund advisory committee composed of legislators and educators is charged in statute with overseeing the DNR's management of school trust fund land. This bill attempts to improve the committee's oversight of the DNR's management by expanding the committee membership to include four additional legislative chairs, and six individuals with specified areas of expertise.

Section

1 Permanent school fund reporting. Amends § 16A.06 by adding subdivision 10.

Section

Requires the commissioner of finance to report to the Permanent School Fund Advisory Committee on the long-term economic return of the permanent school trust fund.

2 **Permanent school fund authority; reporting.** Amends § 84.027 by adding subdivision 18. Gives the commissioner of natural resources the authority and responsibility for administering permanent school fund lands. Directs the commissioner to report annually to the Permanent School Fund Advisory Committee on the achievement of the following four goals: (1) efficient management of the lands; (2) reduction in the management expenditures of the lands; (3) management of the sale, exchange, and lease of the lands to maximize revenues; and (4) maximizing the long-term economic return for the fund while maintaining sound natural resource conservation and management principles.

3 **Permanent School Fund Advisory Committee.** Amends § 127A.30. Adds as members of the Permanent School Fund Advisory Committee the house and senate K-12 education finance and environment and natural resources committee chairs and six individuals with specified areas of expertise appointed by the DNR commissioner. Allows legislators to recommend individuals to the natural resources and education commissioners to fill committee vacancies. Requires the committee to include a nonvoting member appointed by the commissioner of natural resources and requires the commissioner of natural resources to provide administrative support to the committee. Directs committee members to elect the committee chair. States that the committee is permanent.

Directs the committee annually by January 15 to submit an annual report to the legislature with recommendations on managing school trust lands to secure a long-term economic return for the trust fund. Allows the report to include recommendations on meeting the four goals provided in section two.